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STAS FOR REYNOLDS
DOE FOR HARDING AND M.ROBERTS

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TAGS: [PREL](#) [ENRG](#) [ITER](#) [TRGY](#) [KSCA](#) [JA](#)
SUBJECT: ITER: GOJ RESPONSE TO DEMARCHE ON FINALIZATION

REF: STATE 13967

11. (U) This is an action request. Please see paragraph seven.

12. (SBU) On January 30, EST M/C and ESToff met with Ministry of Foreign Affairs (MOFA) International Science Cooperation Office Director Kozo Honsei and Ministry of Education, Culture, Sports, Science and Technology (MEXT) Fusion Energy Office Director Shuichiro Itakura and others and delivered reftel demarche.

13. (SBU) Honsei began by thanking EST M/C for the U.S. position and explained that the GOJ has discussed the P&I issue at length in the interagency since the Jeju meeting. He said that the Ministry of Finance (MOF) and certain offices within MOFA were concerned that the U.S. position could lead to the possibility of unequal treatment for the other partners, as without a statement in writing, there is the possibility that there may be no guarantee of immunities and reciprocity. Without such a document, Honsei said that it would be difficult to convince MOF that problems would not arise in the future with direct and indirect taxes, for example. He also related that it would be hard to convince the Diet of the same if there is a separate agreement for only the United States.

14. (SBU) Honsei told EST M/C that even after the extensive interagency discussions, there still is no clear or unified GOJ position on the U.S. approach. He passed a list of questions provided by MOF (see para 6) that he said was important to answer in order to persuade the ministry to come on board. EST M/C told Honsei that we would try to get responses to the questions as soon as possible.

15. (SBU) In response to the U.S. point that the Barcelona meeting may not take place if no agreement is reached, Honsei replied that the GOJ has already decided to participate in that meeting. However, Honsei explained that Tokyo may need to set some conditions for the meeting because Washington has rejected the Japanese request to make a commitment in writing. He then rhetorically asked how we could better coordinate to meet our respective requirements for moving forward with the final ITER agreement. Honsei then suggested that using the record of discussion from the Barcelona meeting may be a possible compromise solution. He explained that if the United States were to make a statement guaranteeing P&I and reciprocity during the meeting and that this was recorded in the record of discussions document, Honsei would be able to use it as proof of the U.S. commitment during the Diet ratification process. He stressed that it was important to remove any doubts that the

Diet may have and that simply stating the U.S. would rely on the IOIA was not enough. A MOFA lawyer added that even though the Ministry recognizes that the U.S. record on P&I commitments is good, it remains theoretically possible that Congress could make amendments to the IOIA and that this could change the United States' commitment to P&I in ITER sometime in the future. Both officials stressed again that it was important for Japan to have some type of "recorded" commitment from the United States. Honsei finished by saying that it was just as important for Japan to successfully conclude the agreement as soon as possible as it was for any of the other six partners.

16. (SBU) MOF Questions

-- According to the IOIA, the government of the U.S. levies income tax on the U.S. nationals who work for international organizations in the United States. Does the U.S. government levy income tax also on the U.S. nationals who work for international organizations abroad?

-- If the answer to the question above is yes, does the tax reimbursement agreement which the U.S. intends to conclude with the ITER organization cover the entire U.S. national staff that will be directly employed by the ITER organization regardless of where they will be posted?

-- Is it U.S. general policy to conclude a tax reimbursement agreement with the international organization in which the U.S. participates? Approximately how many international organizations have concluded tax reimbursement agreements with the USG? Please provide some names of such international organizations which have concluded such agreements with the United States.

-- Our understanding is that the U.S. has concluded a tax reimbursement agreement with the IAEA. Are there any other agreements regarding privileges and immunities between the United States and the IAEA including ones based on Article 15c of the statute of IAEA?

End questions.

17. (SBU) Action requested: Please provide responses to Japanese MOF questions and advise whether the Japanese proposal to have language in the record of discussion document may be a way forward, and if so, what language the U.S. would be prepared to offer.

SCHIEFFER